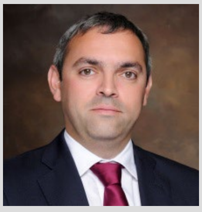
T.RowePrice®

INVEST WITH CONFIDENCE

AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Dynamic Global Bond Fund – S Class

As of 31 March 2023



Portfolio Manager:
Arif Husain

Joined Firm:
2013

Investment Experience:
27 Years

INVESTMENT OBJECTIVE

The Fund's objective is to maximise total return and provide income through investment primarily in a portfolio of fixed income securities which may include, but is not limited to, transferable debt securities of government and their agencies, supranational organisations, corporations and banks as well as mortgage-backed and asset-backed securities. There are no restrictions on the sectors or countries in which bond issuers are located.

TOP 10 ISSUE EXPOSURE[1]	Maturity Date	% of Fund
United Kingdom Inflation-Linked Gilt	22-Mar-2024	13.0
Mexican Bonos	3-Jun-2027	8.8
Deutsche Bundesrepublik Inflation Linked Bond	15-Apr-2026	6.0
Brazil Notas do Tesouro Nacional Serie F	1-Jan-2027	4.9
Republic of South Africa Government Bond	21-Dec-2026	3.8
Canadian Government Bond	1-Dec-2032	3.0
Mexican Bonos	31-May-2029	2.3
Israel Government Bond - Fixed	31-Mar-2047	2.2
Mexican Bonos	5-Mar-2026	2.1
New Zealand Government Bond	15-May-2051	2.1

SECTOR DIVERSIFICATION

	% of Fund
Treasury & Quasi Treasury	76.32
Corporate (including High Yield)	9.97
Securitized	4.19
Equity	-0.11
Cash & Cash Equivalents	9.63

PORTFOLIO CHARACTERISTICS[1,2,3]

	Fund
Number of Holdings	115
Number of Countries	36
Weighted Average Maturity	6.50 Years
Weighted Average Effective Duration	0.33 Years
Weighted Average Spread Duration	2.72 Years
Average Credit Quality	A-
Yield to Maturity (including hedging)	3.9%

PERFORMANCE

						Annualised	
	One Month	Three Months	Six Months	Year-to-date	One Year	Three Years	Since Share Class Inception
T. Rowe Price Dynamic Global Bond Fund – S Class (Net – AUD)*	0.41%	-0.03%	-2.90%	-0.03%	0.24%	2.92%	2.73%
Bloomberg AusBond Bank Bill Index (AUD)	0.28	0.79	1.54	0.79	2.04	0.73	0.91
Value Added (Net)[4]	0.13	-0.82	-4.44	-0.82	-1.80	2.19	1.82

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

*Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. For further details, please refer to the Fund's Product Disclosure Statement and Reference Guide which are available from Equity Trustees or TRPAU.

[1]Issuer exposure is derived using the portfolio's direct holdings and does not take into account derivative exposure. Consult the portfolio holdings report for a listing of all securities owned in the portfolio.

[2]Calculated using the portfolio's direct holdings plus exposure from derivative instruments.

[3]Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

[4]The Value Added is shown as the Fund (Net) minus its Index.

BLOCK BOND ALLOCATION (ISSUE CURRENCY)[1]

	% of Fund
Europe	32.2
North America	18.0
Latin America	24.1
Pacific Ex Japan	9.6
Japan	0.0
Middle East & Africa	8.5
Reserves	7.5

CREDIT QUALITY DIVERSIFICATION[2]

	% of Fund
AAA	16.1
AA	16.8
A	4.9
BBB	32.9
BB	17.8
B	0.7
C	0.2
CCC or below	0.0
Default	0.6
Not Rated	2.4
Cash	7.5

FUND REVIEW

The portfolio's overall duration ended the period on a neutral bias. This was driven in part by adding to a short duration position in the U.S. as still-high inflation data will likely keep interest rates higher for longer, in our view.

In the eurozone, we increased our short duration stance by adding to our short duration stance in Germany on more ECB policy tightening expectations due to sticky inflation. Our short duration stance in Italy was trimmed, however.

In the UK, our short duration position was reduced after the Bank of England's latest interest rate increase.

Among other countries, we increased our long duration position in Australia as policymakers struck a dovish stance after its latest policy decision due to the negative outlook on housing. We also closed our long duration stance in Japan. In other moves, we closed our short duration stance in China as inflationary pressures remain subdued.

We held exposures to inflation-linked bonds and swaps in Germany where core inflationary pressures are likely to remain sticky, in our view.

In emerging market bonds, we opened a long duration position in Colombia and Indonesia and added to our long duration stance in Mexico. Elsewhere, long positions were also maintained in the local currency government bond markets of Brazil, Romania, Serbia, India, Hungary, South Africa, Malaysia, and the Czech Republic.

In currencies, we shifted to a short U.S. dollar bias as events in the banking sector fueled expectations for a pause in the Fed's tightening cycle. Among key moves, we shifted to a long position in the euro and closed a short position in the British pound. We opened long positions in the Mexican peso and Chilean peso and added to a long Colombian peso position. Elsewhere, we closed a short position in the Israeli shekel and a long position in the Japanese yen.

Within sectors, we see opportunities within credit for spread compression in the short term as corporate balance sheets remain resilient amid market dislocations caused by recent events. Accordingly, at the end of March, we held long positions expressed via synthetic credit instruments in U.S. and European investment grade and reduced our defensive credit hedges in U.S. high yield via synthetic credit instruments.

Throughout, we continued to isolate credit selection from market beta as a potential source of alpha with short-dated investment-grade credit attractive from a risk-adjusted yield basis.

PORTFOLIO PERFORMANCE

Bond markets broadly rallied in March as developments in the U.S. regional banking sector and some European banks fueled demand for safe-haven assets including sovereign bonds. Within duration management, short duration stances in the U.S., the UK, Italy, and Japan had a negative impact on performance as bond yields declined broadly in the backdrop of banking sector stress. An allocation to eurozone inflation breakevens also detracted. However, our long allocations to Mexican, New Zealand, Brazilian, Hungarian, South Korean, and Australian local currency government bonds supported performance.

In currency markets, the U.S. dollar weakened as expectations grew that the Federal Reserve would signal a pause in its monetary policy tightening campaign. The dollar also failed to benefit from a broad wave of risk aversion in global markets in March. The developments resulted in gains for our long position in the Colombian peso and a long Japanese yen position expressed using options. A short position in the Taiwanese dollar also supported performance. However, our long position in the Australian dollar weighed on performance.

Within sectors, the portfolio's risk-seeking positions expressed in credit and equity markets contributed to performance as market sentiment improved in the second half of the month. In particular, exposures to U.S. and European high yield via credit derivatives supported. However, exposures to select U.S. high yield bonds weighed on performance.

OUTLOOK

Central banks are grappling with stubborn price pressures that have failed to subside as quickly as hoped, with economic activity robust and labor markets resilient. We believe policymakers are likely to look beyond the recent events in the banking sector and maintain their hawkish bias. Market expectations of multiple interest rate cuts by the end of the year are exacerbated by technical factors including elevated market positioning for higher yields. Rate cut views are also contrary to the stated outlook of policymakers. As a result, we increased our short duration postures in markets where market dislocation is more notable, like the U.S. and Germany, while reducing our short bias in markets such as the UK and Italy. We see potential for bond yields to rise further, which motivated us to remain bearish on duration during the period.

In the currency sphere, we shifted to a meaningful short U.S. dollar bias. We believe that a sustained period of U.S. dollar outperformance is ending as the Fed approaches the end of its rate tightening cycle. Moreover, the dollar failed to advance broadly in recent weeks amid a broad wave of risk aversion despite its preeminent status as a safe-haven currency. In credit markets, we believe there is a tactical window of opportunity to add due to market dislocations caused by recent events and the selective liquidity injections by the major central banks, including the Federal Reserve. But over the longer term we see headwinds for the sector as we head toward a potential recessionary environment coupled with the ongoing progress of the quantitative tightening cycle by major central banks.

While volatility gauges have retreated from recent highs, we expect volatility to continue as markets grapple with several different issues. Opposing forces such as the ongoing fight to tame inflation, quantitative tightening, resilient economic growth, and central bank liquidity injections will likely keep volatility elevated. In this climate, we believe that it's important to be tactical and keep a liquid profile in the portfolio. This should help give us flexibility to adapt to changes.

[1] Issuer exposure is derived using the portfolio's direct holdings and does not take into account derivative exposure. Consult the portfolio holdings report for a listing of all securities owned in the portfolio.

[2] Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700.

FUND INFORMATION

Minimum Investment Amount	$50,000 AUD
APIR	ETL2511AU
ARSN	167 869 561
ISIN	AU60ETL25110
Inception Date	22 January 2019
Benchmark	Bloomberg AusBond Bank Bill Index (AUD)
Management Fees and Costs^	0.59% p.a.
Distribution	Quarterly
Buy/Sell	Buy +0.20% / Sell -0.20%

^The Management Fee for the T. Rowe Price Dynamic Global Bond Fund is 0.59% p.a. and the Indirect Cost is 0.00% p.a. Full details of other fees and charges are available within the Fund's Product Disclosure Statement and Reference Guide.

ADDITIONAL DISCLOSURES

Unless indicated otherwise the source of all data is T. Rowe Price.

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of fund assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond fund to changes in interest rates. In general, the longer the average maturity or duration, the greater the fund's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

Credit ratings for the securities held in the fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The fund is not rated by any agency.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, all data is as of the report production date.

IMPORTANT INFORMATION

Equity Trustees Limited ("Equity Trustees") (ABN: 46 004 031 298, AFSL: 240975) is a subsidiary of EQT Holdings Limited (ABN: 22 607 797 615), a publicly listed company on the Australian Stock Exchange (ASX:EQT). Equity Trustees and T. Rowe Price Australia Limited ("TRPAU") (ABN: 13 620 668 895, AFSL: 503741) are, respectively, the responsible entity and investment manager of the T. Rowe Price Australian Unit Trusts.

A Target Market Determination for each T. Rowe Price Australian Unit Trust (or class of units in a Trust) is available here (www.eqt.com.au/insto [eqt.com.au]). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who the financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where Equity Trustees Limited, the responsible entity of the T. Rowe Price Australian Unit Trusts may need to review the Target Market Determination for the financial product.

Past performance is not a reliable indicator of future performance. The price of any fund may go up or down. Investment involves risk including a possible loss to the principal amount invested. For general information purposes only, does not take into account the investment objectives, financial situation or needs of any particular investor. For further details, please refer to each fund's product disclosure statement and reference guide which are available from Equity Trustees (www.eqt.com.au/insto) and TRPAU (www.troweprice.com.au/investor).

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

This document has been prepared without taking account of any person's individual objectives, financial situation or needs. A person should, before making any investment decisions, consider the appropriateness of the information in this document and seek independent professional advice having regard to their objectives, financial situation and needs.

Any person should consider the relevant product disclosure statement ("PDS") in relation to the fund(s) named in this document (if any) before making a decision in relation to the relevant product. Contact Equity Trustees Limited, the responsible entity and T. Rowe Price Australia Limited, the investment manager, for a copy of the PDS.